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April 13, 2007

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VIA FACSIMILE AND U.S. MAIL

Julie F. McIntyre, Esquire
SCDHEC
2600 Bull Street
Columbia, South Carolina 29201

LEGAL DEPARTMENT
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

Re: South Carolina Department of Health and Environment Control vs. Shoals
Sewer Company WWTF
06-ALJ-07-0115-CC

Dear Ms. McIntyre:

Thank you for your letter of April 13th. I am having great difficulty in interpreting the desires of DHEC in spite of your statement of clarity that the department has not disapproved Mr. Salley as a buyer.

My information is as follows: Mr. Salley has stated his inability to put of \$100,000.00 performance bond which is being required by DHEC. Since Mr. Salley cannot perform according to your requirements, this is tantamount to disapproval. I am not trying to parse the English language but I am unable to understand where we are on this issue. I think it would give us clarity if you would confirm your requirement of Mr. Salley's inability or unwillingness to perform your requirement and that would in effect be disapproval.

Mr. Allen truly wishes to move on to the next purchaser if this is the case.

It appears to be entirely inefficient to go through the application process that you mentioned before and appear before the Public Service Commission if we know in fact we do not have the consent of DHEC. This is the very reason that Mr. Allen wishes to go forward with the next purchaser. I realize you have all of the power to place a temporary receiver at the Shoals Sewer plant; however, it is my sincere conviction that Mr. Allen is doing all possible to satisfy the consent order. Mr. Allen believed with some justification that Mr. Salley would be an acceptable purchaser. If you would consult with Mr. Proctor, I think that Mr. Proctor would also agree that Mr. Salley had the credentials and ability to purchase the system and that it was only the issue of financial responsibility recently

expanded by DHEC that would prevent Mr. Salley's qualification as a purchaser acceptable to DHEC.

You refer in your letter to an April 11, 2007 deadline about Mr. Allen's intentions. Again, I would like to restate for the purpose of clarity Mr. Allen understands DHEC has refused Mr. Salley on the basis of his inability to provide financial security and therefore he is proceeding with all deliberate speed to effect your approval of the next purchaser, JACAAB Utilities, Inc..

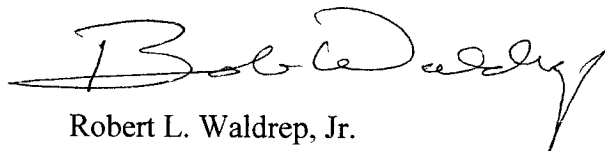
Please note that JACAAB Utilities, Inc. currently enjoys a license with DHEC and I believe should pass your fiscal responsibility test as well. Also understand that the original contract with Mr. Salley was \$100,000.00. The contract with JACAAB Utilities, Inc. is \$42,500.00. This is a \$57,500.00 loss incurred by Mr. Allen based upon DHEC's refusal to allow Mr. Salley to simply take over the Shoals system without the \$100,000.00 performance bond. While I understand everyone's frustration with the process I think we will be well served to spend our time trying to resolve the problem I certainly wish to do that and to comply with your request.

We are effecting a contract with the second purchaser and I will forward you a copy of that contract within the next few days.

After you have had a chance to review this letter I would appreciate a telephone call so that we could work out the best plan possible to effect this transfer. Please help us solve this problem. I am by copy of this letter informing Lee Proctor and David Butler our attempts to effect this transfer.

In the event that DHEC has any particular forms or any program setting forth criterion of a purchaser such as business plan, security and bonding requirements, etc. I would most grateful for this information.

Yours truly,



Robert L. Waldrep, Jr.

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Enclosures

cc. Fred Allen
R. Lee Proctor
David Butler